

FINANCIAL VIABILITY ANALYSIS OUTLINE

Depending on the type of guarantee being provided and the type of institution being guaranteed, a Financial Viability Analysis is comprised of different components to allow the analyst to use the tools that best assess the capacity of the borrower to repay its obligation to the lender(s). The framework guiding the composition of Financial Viability Analyses provides the analyst with enough flexibility to accurately reflect the financial viability of the activity and the borrower(s). Generally, the following components will be required to demonstrate financial viability for a given activity.

The *Introduction* section should contain the following components:

- Description of the borrower(s) organizational type (i.e., company, special purpose vehicle, municipality, etc.);
- Brief note regarding the broad regulatory framework governing the category of institution in which the borrower(s) is classified; and
- Summary of the findings of the analysis, with particular reference made to the organization's weaknesses that may lessen repayment capacity.

The *Operating Environment* section should contain the following components:

- Detailed summary of the existing conditions in the regulatory environment and legal framework that could hinder the ability of the borrower to repay its debt obligation, including but not limited to general restrictive operating guidelines, systemic and market-related issues, pricing and foreign exchange controls, liquidation capacity, and nationalization of private enterprises;
- Brief description of the bankruptcy, forfeiture, and foreclosure laws that govern the borrowing entity; and
- Note on potential changes (implied and stated) in the aforementioned environment.

The *Cash Flow Projections and Analysis* section should contain, as applicable, the following components:

- Review of the institution's loan portfolio (to assess lifetime performance and management capacity);
- Evaluation of micro factors that could impact future cash flows: existing and anticipated debt services, asset base, liquidation capacity, management, etc.;
- Analysis of similar active or completed projects and the institution's ability to manage them from implementation to close out;
- Assessment of the financial resources available to implement the proposed activity;
- Review of the accuracy of the projected cash flows for the activity; and
- Analysis of the expected rate of return and mitigating factors.

The *Identification of Strengths and Weaknesses of the Borrower* section should contain the following components:

- Brief description of the strengths and weaknesses of the borrower that could affect cash flows; and
- Assessment of the organization(s) ability to manage and/or mitigate the weaknesses.

Appendix III.D Financial Viability Analysis

Financial Viability Analysis – Sample Cash Flow Analysis- USAID/India

The **Pro Forma Balance Sheet and Income Statement** (Table A & B) show accounting-based data forecasted over the ten years of the project. The **Pro Forma Cash Flow Statement** (Table C) demonstrates that the annual net flows are adequate to cover all operating expenses and debt repayment requirements during the ten-year operating period. The Internal Rate of Return (IRR) shows a positive return of 24% on a cash basis over the life of the project. The cost of debt financing for the project is conservatively estimated at 17%, based on current negotiations with interested lenders. The project's equity-based IRR, factoring in cost-of-capital, is 7% (24 - 17) and is, therefore, financially viable.

Sensitivity Analyses to the cash flows are provided following Table C. The various scenarios test the financial viability of the project to generate sufficient cash flows, considering the positive effort of lower interest rates and the negative effect of lower earnings produced.

TABLE A: Pro Forma Balance Sheet (US \$ '000s)

(USD '000s)	Year 0	Year 1	Year 2	... Year 10
ASSETS				
<i>Current Assets</i>				
Current Assets, Advances & Deposits	203	778	796	814
Cash & Bank Balances	-	1,368	2,960	13,321
Prepaid Expenses	27	24	21	-
Total Current Assets	230	2,170	3,777	14,136
<i>Fixed Assets</i>				
Plant, Property & Equipment	9,770	9,796	9,821	10,025
less depreciation -SLM	-	758	1,517	7,643
Total Fixed Assets	9,770	9,038	8,304	2,382
TOTAL ASSETS	10,000	11,208	12,081	16,518
LIABILITIES				
Current (Bank Borrowings)	-	575	588	602
Term Loan	7,000	7,000	7,000	-
TOTAL LIABILITIES	7,000	7,575	7,588	602
EQUITY				
Promoter Contribution	3,000	3,000	3,000	3,000
Retained Earnings	-	564	1,353	12,531
TOTAL EQUITY	3,000	3,564	4,353	15,531
TOTAL LIABILITIES & EQUITY	10,000	11,138	11,941	16,133

Appendix III.D Financial Viability Analysis

TABLE B: Pro Forma Income Statement (US \$ '000s))

(USD '000s)	Notes	Year 1	Year 2 ...	Year 10
Total Annual Sales		\$4,709	\$4,945	\$7,306
COGS (Cost of Generation)	1	\$2,080	\$2,085	\$2,939
EBITDA	2	\$2,629	\$2,860	\$4,367
Interest on Term Loan		\$1,190	\$1,190	\$0
Interest on Bank Borrowings		\$115	\$118	\$121
Total Interest Expense		\$1,305	\$1,308	\$121
EBTDA	3	\$1,324	\$1,552	\$4,246
Depreciation (SLM)	4	\$758	\$759	\$770
Preliminary Expenses Written Off		\$3	\$3	\$3
EBT	5	\$564	\$790	\$3,474
Tax Liability		\$0	\$0	\$1,540
Net Profit After Tax		\$564	\$790	\$1,933

Notes:

1. COGS: Cost of Goods Sold
2. EBITDA: Earnings Before Interest, Taxes and Depreciation & Amortization
3. EBTDA: Earnings Before Taxes, Depreciation & Amortization
4. Depreciation: Straight Line Method is used for accounting reporting purposes. Written Down Value (WDV) method is used to determine tax liabilities. This explains the tax-free position for the first 4 years of operations due to EBT losses from front-end oriented WDV method.
5. EBT: Earnings Before Taxes

Appendix III.D Financial Viability Analysis

TABLE C: Pro Forma Cash Flow Statement -- (US \$ '000s)

(USD '000s)	Year 0	Year 1	Year 2	...	Year 10
Cash Flows From Operations (CFO)					
EBITDA	0	2,629	2,860		4,367
Change in Working Capital	-203	-575	-18		0
Taxes	0	0	0		-1,540
CFO	-203	2,055	2,842		2,827
Cash Flows from Investments (CFI)					
Project Capital Expenses	-9,770	0	0		0
Preliminary Expenses	-27	0	0		0
Normal Capital Expenses	0	-25	-25		-25
CFI	-9,797	-25	-25		-25
Cash Flows from Financing (CFF)					
Promoter's Equity	3,000	0	0		0
Term Loan	7,000	0	0		0
Bank Borrowings	0	575	13		0
Interest on Term Loan	0	-1,190	-1,190		0
Interest on Bank Borrowings	0	-115	-118		-121
CFF	10,000	-731	-1,295		-121
Total Cash Flow	0	1,299	1,522		2,681
Free Cash Flow - CFO + CFI	-10,000	2,029	2,816		2,801
Present Value of FCF (@17%)	-10,000	1,734	2,057		583

IRR	23.6%
NPV (@17%)	2,545
Payback Period	4.6 years
Discounted Payback Period	7.3 years

(Note: 17% is used to reflect a conservative estimate for the cost of capital that the borrower should be able to obtain from a private financial institution)

SENSITIVITY ANALYSIS A 10% LOWER EARNINGS

IRR	19.8%
NPV (@17%)	1,033
Payback Period	5.0 years
Discounted Payback Period	9.0 years

SENSITIVITY ANALYSIS B 10% HIGHER EARNINGS

IRR	27.2%
NPV (@17%)	4,057
Payback Period	4.3 years.
Discounted Payback Period	6.2 years

Appendix III.D Financial Viability Analysis

The following diagram provides a further, simplified perspective of how cash flows should be forecasted.

Overview of Forecasted Cash Flows				
	Year 0	Year 1	Year 2	Etc.
Income/Revenue (for the business or project)	↑ +			
Subtract: Operating Expenditures (<i>exclude depreciation</i>)	↓ -			
Net Income				
Add: Increases in Accounts Payable <i>Short term liability increases represent cash inflows</i>	↑ +			
Subtract: Increases in Accounts Receivable and Inventories <i>Short term asset increases represent cash outflows</i>	↓ -			
Subtract: Capital Expenditures	↓ -			
“Operating Cash Flow”				
<i>Compare with:</i> --- <i>Commitments related to Current and Future Debt</i> ---				

↑
+ = CASH RECEIVED

↓
- = CASH PAID OUT

To calculate the operating cash flow for a given project, begin with the income or revenues being generated. From that figure, subtract operating expenditures (not including depreciation) to derive net income. To net income, add the increases in accounts payable, subtract increases in accounts receivable and inventories, and subtract capital expenditures to arrive at the operating cash flow. This operating cash flow can then be projected forward for the life of the project. It should be noted that short-term liability increases represent cash inflows while short-term asset increases represent cash outflows. Most importantly, after forecasting the operating cash flows over the life of the project, these figures should be compared with the commitments related to current and future debt to determine if cash flows are sufficient to cover debt obligations.

Appendix III.E- Financial Monitoring Plan

SAMPLE FINANCIAL MONITORING PLAN USAID/EUROPE & EURASIA

The DCA Portfolio Guarantee will be monitored by the Office of Development Credit (ODC) in Washington, with assistance from E&E/EEST/EI and E&E/MT, “the SO Team”. The roles and responsibilities of each entity are outlined below:

ODC, with assistance from the SO Team, will review the semi-annual Qualifying Loan Schedules (QLSs) received from Citibank. These reviews will ensure that the loans placed under coverage meet the developmental and financial requirements of the Guarantee Agreement. The ODC will advise of any follow-up actions required by the SO Team in resolving unclear or compliancy issues.

At least once every two years, during the life of the seven-year facility, the SO Team, in cooperation with the appropriate missions, will conduct an on-site review of Citibank procedures and files to determine if Citibank is in compliance with the terms of the Agreement. The SO Team may engage the services of a contractor to conduct such reviews and site visits. Documentation of this review must be sent to the ODC.

Citibank is required to send ODC and the SO Team audited annual financial statements. If this does not occur within three months of the fiscal year close, the SO Team in cooperation with the relevant missions will contact Citibank to collect the necessary information. The ODC will utilize this information for annual subsidy cost re-estimates.

ODC and the SO Team, in cooperation with the relevant missions, will follow-up with Citibank to resolve the status of any late QLS reports and/or utilization fee payments. The ODC monitors these transactions affecting the U.S. Government from USAID/Washington and will follow-up with SO Team as necessary. As stated in the contract, Citibank failure to pay fees and to undertake the required reporting will result in termination of the Guarantee.

Prior to the SO Team approval of the payment of any claims under the Guarantee, it will verify the validity of these claims, with guidance from ODC, by ensuring that they are documented in the bank’s files/records, and that the bank has undertaken all reasonable efforts to collect the defaulted loans.

When warranted, the SO Team, in cooperation with the missions, will send an Exception Report to the ODC outlining any knowledge of increased financial risk on the part of Citibank, so that the ODC can use this information as appropriate in budgeting for the payment of claims and subsidy re-estimates.

The ODC will conduct a biennial review (once every two years) of the Portfolio Guarantee. This review will cumulatively evaluate the timeliness of reporting and fee payments as well as the utilization of the Guarantee. If Citibank is not utilizing the Guarantee at a reasonable rate, the ODC may recommend to the SO Team that the funds set aside for the Portfolio Guarantee be reallocated towards a more useful purpose.

Budget for Management of the DCA Activity

1. One E&E/EEST/EI energy efficiency specialist, 5% of time – \$5,600 per year/\$39,000 over 7 years.
2. One E&E/MT project specialist, 5% of time – \$5,600 per year/\$39,000 over 7 year DCA life.
3. G/EGAD/DC travel to Bulgaria, \$5,000 per trip, \$15,000 (3 trips) over the 7 year DCA life, \$15,000.

Total Financial Monitoring Costs/Budget Summary: \$93,000

Additional support may be provided by the missions in conjunction with any subsequent funding by the missions to expand the DCA facility.

Appendix III.F- Fees Justification

Fees Justification Sample – USAID/South Africa

Proposed Fees for this Activity:

Commitment Fee: 0.25% of the guaranteed portion of the authorized amount

Utilization Fee: 0.25% of the outstanding guaranteed principal balance, annualized

Justification

USAID/South Africa is proposing a Commitment Fee of 0.25% and a Utilization Fee of 0.25% because it is consistent with program objectives.

In the past, fees for DCA activities initiated by USAID/South Africa were set to correspond to the level of risk that exists within a particular transaction. However, USAID/South Africa's experience with the fees that it set is that the relatively high fees (i.e., 0.75-1.75%) effectively handicapped the partners into either (a) not being able to utilize the facility fully or (b) made the deal an unprofitable and, therefore, undesirable form of credit enhancement.

As a result, USAID/South Africa considers relatively low fees (0.25-0.50%) as being essential to accomplish several objectives:

- Increase utilization of the facility;
- Increase the number of end-borrowers who will benefit from the guarantee;
- Ensure that the activity is profitable and, subsequently, that it is capable of demonstrating viability to the market; and
- Developing a fee structure that does not put undue stress on the partner USAID is trying to assist.

The USAID Automated Directive System (ADS) guidance that allows USAID/South Africa to make this determination is as follows. The significant language is ***italicized***.

249.3.4 Loan Guarantees

The following are the policies and procedures of DCA loan guarantees:

- c. Beneficiaries of the USAID guarantee generally should be required to pay a semi-annual utilization fee based on the guaranteed portion of outstanding principal of the guaranteed loan. ***The authorizing official should set the utilization fee at not less than 0.25 percent per annum (except as described in this paragraph). In addition, a one-time activity origination fee (also known as "commitment fee") of not less than 0.25 percent of the maximum guaranteed principal amount should be charged (except as described in this paragraph).*** The authorizing official should work with EGAT/DC to come up with a fee structure (including timing and currency of fee payments) that will encourage utilization, ***while taking into consideration local practice, the development rationale of the DCA project, and the costs of administering the project.*** In the event that it is determined that the origination fee should be waived or credited toward the utilization fee, the utilization fee may not be set at less than 0.5 percent per annum. The fee structure must be justified in the activity analysis.

Appendix III.G- Congressional Notification

AGENCY FOR INTERNATIONAL DEVELOPMENT ADVICE OF PROGRAM CHANGE

PROGRAM:	BULGARIA								
OBJECTIVE TITLE:	Accelerated Development and Growth of Private Enterprises in a Competitive Environment								
OBJECTIVE NUMBER:	183-013								
FY 2002 BJ REFERENCE:	Annex III, pp. 93-97 CN #176, dtd 3/16/01								
APPROPRIATION CATEGORY:	Assistance for Eastern Europe and the Baltic States (AEEB) Development Assistance (DA) Economic Support Fund (ESF) Development Credit Authority (DCA)								
LIFE OF OBJECTIVE FUNDING:	<table><tbody><tr><td>\$74,433,000</td><td>AEEB</td></tr><tr><td>\$ 4,260,000</td><td>DA</td></tr><tr><td>\$ 2,120,000</td><td>ESF</td></tr><tr><td>\$ 346,000</td><td>DCA</td></tr></tbody></table>	\$74,433,000	AEEB	\$ 4,260,000	DA	\$ 2,120,000	ESF	\$ 346,000	DCA
\$74,433,000	AEEB								
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\$ 2,120,000	ESF								
\$ 346,000	DCA								
INTENDED FY 2001 OBLIGATION:	<table><tbody><tr><td>\$ 5,675,000</td><td>AEEB</td></tr><tr><td>\$ 1,086,733</td><td>AEEB (FY 2000 Carryover)</td></tr><tr><td>\$ 266,730</td><td>AEEB (No year Recoveries)</td></tr><tr><td>\$ 346,000</td><td>DCA</td></tr></tbody></table>	\$ 5,675,000	AEEB	\$ 1,086,733	AEEB (FY 2000 Carryover)	\$ 266,730	AEEB (No year Recoveries)	\$ 346,000	DCA
\$ 5,675,000	AEEB								
\$ 1,086,733	AEEB (FY 2000 Carryover)								
\$ 266,730	AEEB (No year Recoveries)								
\$ 346,000	DCA								

This is to advise that USAID intends to obligate \$5,675,000 in FY 2001 and \$1,086,733 in FY 2000 Carryover Assistance for Eastern Europe and the Baltic States (AEEB) funds for the Accelerated Development and Growth of Private Enterprises in a Competitive Environment program. \$5,675,000 in FY 2001 was previously notified under CN #176, dated March 16, 2001. \$836,733 in FY 2000 Carryover was previously notified under project numbers 180-0020, 23, 24, and 30. This notification is required to reprogram \$389,270 in previously notified carryover, notify an additional \$250,000 in FY 2000 Carryover and \$266,730 in No year recoveries for implementing a new Development Credit Authority activity.

USAID intends to transfer up to \$346,000 in FY 2000 carryover funds to the Development Credit Authority (DCA) program account under the FY 2000 DCA transfer authority. These funds will be obligated to cover the credit subsidy cost of a loan guarantee for financing private Enterprises in Competitive Sectors. This activity will mobilize critically needed financing for creditworthy business with export potential by providing a partial guarantee for a series of loans extended by First Investment Bank (FIB), a privately owned Bulgarian bank. These loans will be made to private Bulgarian SME companies operating in competitive sectors – tourism, information technology, transportation, light manufacturing,

e.g., garment production, canning industry, food processing and commercial agriculture. This facility is a seven-year portfolio guarantee with a maximum portfolio size of \$20,000,000. USAID's contingent liability for the portfolio guarantee will be up to 50% of principal losses and will not exceed \$10,000,000. Loan size will range from the equivalent of \$500,000 to \$1,000,000. Terms of the loans will range between one to seven years depending upon the availability of longer-term financing. Loans will be extended in Leva, US\$, and/or Euro, depending upon the nature of the financing and repayment capacity of the borrower.

The lack of commercial finance continues to be an obstacle to the development of competitive private companies in Bulgaria, hence, to the overall economic and social development in the country. Thus, the proposed DCA Portfolio Guarantee is a critical component of USAID/Bulgaria's comprehensive enterprise development program, serving to stimulate domestic longer-term lending and encourage greater financial intermediation.

Appendix III.G- Congressional

Notification

ACTIVITY DATA SHEET

PROGRAM: Bulgaria

TITLE: Accelerated Development & Growth of Private Enterprises in a Competitive Environment, 183-013

STATUS: Continuing

PLANNED FY 2001 OBLIGATIONS AND FUNDING SOURCE: \$5,675,000 AEEB

INITIAL OBLIGATION: FY 1992

ESTIMATED COMPLETION DATE: FY 2005

Summary: Thriving micro, small and medium private enterprises are an essential element of a competitive free-market environment. Activities under this strategic objective strengthen the business practices (i.e., operations, production, marketing, etc.) of selected industry clusters that offer potential for economic growth and increased exports. Access to finance is facilitated through a set of enterprise credit activities. Other activities work to reduce the legislative, regulatory and administrative barriers to investment, trade and growth.

Program categories include Micro, Small and Medium Enterprise (SME) Technical Assistance, Commercial Law Reform, Agriculture and Agribusiness, Micro-Enterprise Credit, and Energy Efficiency.

Key Results: Under this strategic objective, the Mission seeks to: (1) strengthen private enterprise and industry clusters (principally small and medium enterprises); (2) mobilize investment and credit for growth and job creation; and (3) establish or reform laws, policies, and institutions which are conducive for private sector growth.

Performance and Prospects: In FY 2001, USAID intends to obligate \$5,675,000 for the Accelerated Development and Growth of Private Enterprises. Performance to date has been satisfactory.

In CY 2000, the Bulgarian Gross Domestic Product (GDP) grew by 5% in large part due to the privatization of more than 80% of state-owned enterprises, and because of foreign and direct investment in capital formation. Reflecting the changes that have occurred since the current reform-minded government took power, private sector share of GDP has increased from barely half of GDP to more than two-thirds. Still, the pace of private sector development remains a limiting factor of economic growth in Bulgaria.

USAID supported the private sector contribution to GDP growth through activities that brokered more than \$15 million in transactions (including trade, licensing, franchising, etc). In total, USAID completed 310 advisory assignments (more than half of which were with woman-owned or managed firms). Under the USAID competitiveness initiative, the tourism and light manufacturing export sectors increased 15-20% among the target firms, compared with a national average of 13%. These USAID-assisted firms also added more than 1,700 jobs, most (55.2%) held by women. During FY 2001, USAID intends to obligate \$1,500,000 for continued technical assistance to strengthen business practices, including operations, production, and marketing for micro, small and medium enterprises.

USAID is helping to promote the reform of commercial law, particularly to improve collateral and commercial law. Objectives include: strengthening creditor rights to seize assets; promoting wholesale adoption of internationally accepted accounting standards; enhancing disclosure necessary for credit analysis; and increasing tax collections thus reducing the gray economy. Adoption of international accounting standards (IAS) is among the most important initiatives in commercial law reform. Having succeeded in requiring IAS reporting for all banks and financial institutions, USAID is now working to influence the Ministry of Finance to similarly mandate IAS for all tax-related purposes. This is essential for transparency and good governance and will contribute to the creditworthiness of would-be Bulgarian borrowers. It will permit Bulgarian firms to raise debt and equity capital; and provide important corporate financial tools that will further support investment and growth. With USAID assistance, sixteen firms adopted International Standards Organization (ISO) 9000 quality standards, and thus were able to penetrate Western European markets. During FY 2001, USAID intends to obligate \$1,900,000

Appendix III.G- Congressional Notification

to promote commercial law reform including the adoption of international accounting standards for all tax-related purposes and to promote banking law that improves capital availability for small business operators.

Support for small and medium agribusiness firms has been provided at the firm level to increase production and to improve the effectiveness of agribusiness operations. Although the agriculture sector was hard-hit by drought, the Warehouse Receipts program continued to expand. The number of licensed warehouses increased to 22 with nearly 250,000 metric tons of grain in storage by fall 2000. Under this program, farmers are issued a “Warehouse Receipt” for the grain that they store in a licensed/bonded warehouse. This receipt serves as a financial instrument and can be pledged as collateral to secure necessary working capital loans. During 2000, three banks originated more than \$3.5 million in loans against these receipts. By obviating the need for farmers to sell grain at potentially disadvantageous prices, the Warehouse Receipts program has helped to increase farm incomes, and to stabilize grain and commodity prices, which is good for the markets. USAID proposes to obligate \$850,000 to continue technical assistance directly to small agribusiness firms, to improve agribusiness’ marketing skills, and to improve access to credit.

Complementary banking reform efforts have improved the ability of banks to appraise and administer loans, but banks continue to be reluctant to lend to small and medium business operators. To enhance access to capital, USAID supports three credit facilities to assist micro-, small, and medium enterprise and two loan guaranty facilities. SME finance facilities, focused in part on businesses located in the Danube River region, are currently administering loan portfolios exceeding \$10 million. These credit facilities provide critically needed financing to a growing segment of the economy that is currently under-served by commercial banks. The loan guaranty facility (which secures up to 50% of the risk in energy efficiency related investments) loaned nearly \$1 million to private and municipal borrowers and currently has approximately \$5 million under loan committee review. During 2001, USAID proposes to obligate \$1,425,000 to continue to facilitate credit mobilization.

Beneficiaries: The direct and primary beneficiaries are private enterprises that create jobs and fuel demand for domestic inputs through export-led growth. All Bulgarian citizens will benefit from the improved business environment through increased economic stability and growth that will create jobs that generate wealth.

Possible Adjustments to Plans: During FY 2001, USAID/Bulgaria will revise its program strategy to determine the appropriate level and content of activities to support this sector. Assessments and sector specific studies will provide valuable analyses for developing the strategy. Continued support for development of the private enterprise sector is expected to comprise a significant set of activities.

Other Donor Programs: USAID coordinates its assistance for the growth of the private enterprise sector through a World Bank-hosted Coordinating Committee, comprised of a Policy Committee chaired by USAID and a Finance Committee chaired by EU PHARE. EU assistance has focused largely on institutional strengthening of the Bulgarian SME Agency. The British, German and Austrian aid agencies have programs targeted at policy reform, as does the World Bank. USAID has worked closely with the European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), Soros Fund, the British, Dutch and Swiss to launch new SME finance initiatives.

Principal Contractors, Grantees or Agencies: USAID implements its activities primarily through the following partners: International Executive Services Corps; the University of Delaware; Agriculture Cooperative Development International/Volunteers Overseas Cooperative Assistance; Management Systems International; Opportunity International; Catholic Relief Services; World Council of Credit Unions (WOCCU); American Bar Association/Central and Eastern European Law Initiative (ABA/CEELI); Bulgarian-American Enterprise Fund; and private banks (in conjunction with the loan guaranty facilities).

Appendix IV.A Qualifying Loan Schedule for Loan Portfolio Guarantees

Guaranteed Party: _____ (Institution)

USAID Operating Unit: _____ (Office or Mission)

Place Under Coverage Period: _____ through _____ (dates)

Final Date for Submission of Claims to USAID: _____ (date)

Page _____

Name of Borrower/ Brief Description of Loan Purpose	Date of Qualifying Loan (mm/dd/yr)	Loan Type	Date Placed Under Coverage (mm/dd/yr)	Maturity Date (mm/dd/yr)	Amount of Qualifying Loan		Date Removed From Guarantee Coverage (mm/dd/yr)	Days In Arrears (if any)	Principal Balance, End of Reporting Period in Local Currency
					In Local Currency	In U.S. Dollars (Estimate)			
	<i>"Loan Date"</i>	<i>Term Loan, Line of Credit, Overdraft, or Lease</i>	<i>Typically required to be within ten (10) days of Loan Date</i>	<i>"Expiration Date"</i>	<i>Amount should be listed in the corresponding currency (foreign and/or US\$) of the DCA guarantee</i>				<i>"Outstanding Balance" of principal (excluding interest) as of the end of the quarter or semiannual period.</i>
TOTAL (QUALIFYING LOAN AMOUNT)							TOTAL (END-OF-PERIOD BALANCE)		

Appendix IV.B- Notice of Payment Due

**Agency For International Development
Office of Financial Management
Washington, D.C. 20523**

Notice of Payment Due

Guarantee Facility:
Contact Person & Title:
Address:

Guarantee Commitment No.:
Notice Date:

PAYMENT IS DUE 30 DAYS FROM "NOTICE DATE" AS FOLLOWS:

	Local Currency	US Dollars
Past Due - Prior Period		
Current Amount Due		
Total		

Local Currency Stated in:
Billing Periods:
Calculation and Remarks:

Portfolio Balance		Local Currency	Exchange Rate	U.S. Dollars
Period Ended:	03/31/2001	A	D	A/D
Period Ended:	06/30/2001	B	E	B/E
Period Ended:	09/30/2001	C	F	C/F

Average Outstanding Balance for Local Currency = $(A+B+C)/3$; for US\$ = $(A/D+B/E+C/F)/3$

Fee = Average Outstanding Amount x Semi-Annual Utilization Fee x Guaranteed Portion

Utilization Fee Due for Local Currency = $(A+B+C)/3 \times 0.50\%/2 \times 0.50$, **or**

Utilization Fee Due for US\$ = $(A/D+B/E+C/F)/3 \times 0.50\%/2 \times 0.50$

Exchange rates used are official USAID rates based upon quarterly reports ("Treasury Reporting Rates of Exchange") issued by the U.S. Department of the Treasury.

Advise to Bank:

1. Please remit payment to the USAID Mission Controller in the local currency amount stated above (or if the payment is due in U.S. Dollars - via Electronic Fund Transfer to the Federal Reserve Bank).
2. Please include a copy of this Notice of Payment Due with the payment
3. For billing questions, please notify Office of Development Credit (G/EGAD/DC), Fax number XXX
4. For payment notification and submission of general receipt from USAID Mission, please notify the Paying and Transfer Agent.

Advise to Mission Controller:

1. Please deposit payment against appropriation XXX
2. Please send a cable to M/FM/LM and G/EGAD/CI to confirm receipt of payment.

Please include on cable:

- Bank name
- Loan Portfolio Guarantee (LPG) Commitment Number
- Billing Period
- Both Local and US Dollar Amount
- Date the payment was received

EXCEPTION REPORT
{FIRST STEP IN EARLY WARNING SYSTEM}

Exception Report	Due: Per Occurrence
Responsibility:	To be submitted by the Mission to the Washington-based Office of Development Credit
Purpose:	Documentation on significant factors relating to financial performance of the DCA loan or loan guarantee. Information is used for monitoring, audit and coordinating collection efforts.
Date Prepared: _____	
USAID Mission: Contact Name/Title:	
Facility Number: Borrower or Lender Name: Borrower/Lender Contact:	
Nature of Issue:	
Efforts Undertaken:	
Resolution Strategy:	
Please Submit Exception Report to the ODC at _____ <div style="text-align: right;">Facsimile # 202 216 3593 or e-mail _____</div>	

Appendix IV.D- Delinquency Notice

DELINQUENT NOTICE

Date:

To: Name
 Borrower/Intermediary
 Address
 Fax No.

From:

Subject: Reporting Requirements for the Periods Ending _____
 Under Facility No.: _____

This is a reminder that _____ is delinquent on the required reporting for the quarters ending _____. The required information, as stated in Article _____ of the Standard Terms and Conditions of the Guarantee Agreement, is:

- A fully completed Qualifying Loan Schedule (QLS) that lists chronologically all loans under guarantee coverage from the inception of this facility through the aforementioned Reporting Period. Because the principal balance is used to calculate your fees, it is very important this form indicate the remaining principal balances of loans as of the reporting dates.
- A signed Certification form for quarters ending _____
- A Transaction Report for each new loan under coverage that has not already been provided to us.

The documents for the period _____ were due in this office _____; the documents for the period ending _____ were due _____. Please provide the required information as soon as possible so that this office may fulfill its own internal reporting requirements and prepare invoices for utilization fees.

If you have already mailed the information to this office, we appreciate your cooperation and ask that you fax a copy of the QLS to _____. Should you have any questions, please contact me at _____ or at the previous fax number. Thank you for your help.